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RUEHKT/AMEMBASSY KATHMANDU 6157  
RUEHMO/AMEMBASSY MOSCOW 8540  
RUEHKO/AMEMBASSY TOKYO 3356  
RUEHCI/AMCONSUL CALCUTTA 4073  
RUEHCG/AMCONSUL CHENNAI 3988  
RUEHKP/AMCONSUL KARACHI 4039  
RUEHLH/AMCONSUL LAHORE 2657  
RUEHBI/AMCONSUL MUMBAI 3246  
RUEHPW/AMCONSUL PESHAWAR 3313  
RHEHNSC/NSC WASHDC  
RUEIDN/DNI WASHINGTON DC  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUCNDT/USMISSION USUN NEW YORK 0884  
RHMFISS/HQ USCENTCOM MACDILL AFB FL  
RUEHGV/USMISSION GENEVA 3159  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHMFISS/HQ USSOCOM MACDILL AFB FL  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 003583

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E.O. 12958: DECL: 05/23/2016

TAGS: [PGOV](#) [PREL](#) [KDEM](#) [PARM](#) [MNUC](#) [ENRG](#) [PINR](#) [MARR](#) [IN](#)

SUBJECT: CONGRESS FARES BADLY IN SPECIAL SESSION OF  
PARLIAMENT DUE TO SELF-INFLICTED WOUNDS

REF: A. NEW DELHI 3471

[1](#)B. NEW DELHI 2061

[1](#)C. NEW DELHI 2021

[1](#)D. NEW DELHI 180

Classified By: PolCouns Geoff Pyatt for reasons 1.4 (B,D)

[1](#)1. (C) Summary. Congress ineptitude and a predilection for scoring "own goals" on domestic policy turned what should have been a routine wrap-up session of Parliament into an embarrassment for the UPA that has left the Prime Minister's political stock in the doldrums. Congress convened the May 10-23 Parliamentary session to put the "offices of profit" issue (refs B, C) to rest by passing amendments to 1959 law that had precipitated Sonia Gandhi's resignation from Parliament. Instead, the opposition zeroed-in on poorly-advised Congress policies regarding demolition of illegal properties in Delhi and proposed quotas in higher education (ref A), touching off loud and disruptive debate. The BJP had also hoped to embarrass Congress further by dredging up the India-US Civil Nuclear Agreement and accusing the Prime Minister of "misleading" the house, but Congress ran out the clock and prevented the confrontation. A press generated controversy over the decision to delay testing of the Agni III ballistic missile showed how Indian politicians can find an "American hand" even where there is none. The saving grace is that the BJP and its moribund NDA alliance are in even worse shape with former Foreign Minister Jaswant Singh striking an out-of-character anti-US pose. End Summary.

Offices of Profit  
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[1](#)2. (U) The UPA-convened May 10-23 Parliamentary session to tie up the loose ends associated with the self-inflicted "offices of profit" controversy (Refs B,C). Having just won

a landslide victory in the family pocket borough of Rae Bareilly, Sonia Gandhi was prepared to pass the legislation quickly, put the issue to rest, and ratify her return as head of the National Advisory Council (NAC). On May 16, following a morning dominated by the usual political drama, Parliament passed the Prevention of Disqualification Amendment Bill, 2006, by a voice vote. Prior to the vote, opposition leader LK Advani accused the UPA of "bulldozing" the Bill and objected to the inclusion of the National Advisory Council (NAC) Chairman on the list of 46 positions that will be excluded from the law's purview. Advani claimed that "Sonia as NAC Chief had become a 'super Prime Minister'" and that "Everyone agreed that the office of Prime Minister had been devalued and diminished." After a contentious debate, BJP MPs staged a walkout. The Bill will benefit 40 MPs, including House Speaker Somnath Chatterjee, who currently hold "offices of profit" and would have been required to resign, had the law not been amended.

#### Demolition of Businesses

¶3. (C) Before Parliament could get to the principal business of the session, the BJP initiated a stormy debate on municipal policies in the Congress-ruled capital city that culminated in the May 12 passage of the Delhi Laws (Special Provisions) Bill 2006. The Bill compelled the Delhi government to maintain the status quo and take no action to "seal" or demolish illegal structures. The controversy erupted because Chief Minister Sheila Dikshit's Congress government had done little to stop corrupt Delhi government

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officials from ignoring zoning laws and permitting illegal construction of businesses (in exchange for cash payments) in residential and other areas not zoned for commercial purposes. The Supreme Court, responding to cases filed by angry residents, compelled the Delhi government to begin demolition of the illegal structures. The BJP (to which most of Delhi's small businessmen belong), castigated Congress for not halting the demolitions of structures for which had "earnestly" paid bribes.

#### The Quota Fiasco

¶4. (C) Most of the remaining period in the session was taken up with contentious arguments over a UPA proposal to extend quotas in government-run higher education institutions to members of the "other backward castes (OBCs)" (ref A). The proposal is another indication of Congress political ineptitude, as it will do little to alleviate poverty and has reopened painful caste arguments over quotas. There is no indication that the proposed legislation will benefit Congress politically, as it alienates the party's upper-caste base. The proposal has touched off a nationwide wave of strikes, demonstrations, and some violence, which have continued for weeks. Congress provided the NDA opposition with a ready-made issue and the BJP and its allies used it to embarrass the government. Days of debate on quotas burned up time but were largely inconclusive, as the proposed legislation never came to a vote. The MPs set-aside the divisive issue until Parliament reconvenes in August. Congress insiders hope to use this breather to defuse caste anger, end the strikes, and perhaps prevent the ill-advised Bill from seeing the light of day.

¶5. (C) In a May 23 conversation with PolCouns, Gandhi family confidant and former minister Satish Sharma insisted that Mrs. Gandhi had no forewarning of Human Resource Minister Arjun Singh's intention to deploy the quota issue. He added that Mrs. Gandhi was seriously concerned about a wave of nationwide demonstrations, and hopeful that the Parliament recess and onset of summer vacations would see the issue die a natural death. Sharma lamented that the quota issue had taken the shine off what should have been seen as a

successful round of state-level election results. He echoed others in arguing that Arjun Singh knew how divisive the quota issue would become, and stirred it up in hopes of weakening Prime Minister Singh and opening the way for his own political ambitions. Sharma saw the quota issue as a political loser that harkened back to the old Congress politics and did nothing to advance the modernizing vision of Prime Minister Singh and Sonia.

#### A Few Paranoid Licks from the BJP

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¶16. (C) The BJP announced plans to use the Parliamentary session as a forum to debate the US-India civil nuclear agreement. The plan was to accuse Prime Minister Manmohan Singh of "misleading" Parliament by presenting a Separation Plan that was much different from the one discussed in the last Parliamentary session and that is against India's interests. The BJP leadership hoped to recruit other parties (including the Left) in the effort and contemplated calling for a vote of censure against the PM. Congress contacts told us that their party was determined to forestall this planned debate and the UPA delegation used delaying tactics to run out the clock and prevent the planned BJP onslaught.

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¶17. (U) This did not prevent BJP orators from scoring a few licks against the UPA, however. On May 19, Upper House Opposition Leader Jaswant Singh castigated the UPA. Accusing the GOI of "mortgaging its thought and policy to the US," Singh described its Iran policy as a "betrayal of Indian interests." He also maintained that the UPA has been "paralyzed by the Indo-US nuclear agreement," and that "the appearance of being subservient to the US will be damaging to India," and is "a disastrous pursuit."

¶18. (U) On May 14, top DRDO scientist M Nataranjan asserted that the Agni-III's technical readiness for a test launch. On May 18, several opposition parties in the Upper House recalled that the US had "stopped" an Agni I launch when a previous Congress government was in power and speculated that the US had again pressured the GOI to delay an Agni-III launch. The BJP supported a joint call for the GOI to confirm whether this was the case, with BJP MP Murli Manohar Joshi stating that, "the Prime Minister should make a statement "as the labor of the scientists and the peoples' money should not be wasted to please the super power."

#### Comment - Contest of Incompetents

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¶19. (C) The UPA government has a poor track record when it comes to handling Parliamentary debate and it lived up to its reputation in this session. A skillfully-led strategy should have easily and quietly passed the requisite legislation to put the "offices of profit" issue to bed and kept the opposition at bay until the short session ended. Instead, Congress' poor domestic political management provided a target of opportunity by needlessly introducing the quota issue and becoming a poster child for corruption in Delhi. Congress should heave a huge sigh of relief that the opposition BJP is equally, if not more, inept. Instead of providing constructive alternatives, the BJP resorted to paranoid America bashing and a spirited defense of its corrupt small business constituency in Delhi. India's Parliament again confirmed its reputation as the home of disruptive but largely ineffectual debate and cheap political confrontations. Meanwhile, little of substance gets done. The winners in this latest session are clearly the Left, who kept their powder dry while Congress and the BJP shot it out. Coming off their electoral successes in May, the Left is in fine shape to tackle Congress as and when it pleases.

¶10. (C) The sum result is that Manmohan Singh, despite his still respected public reputation, appears weaker than he has

in many, many months. On the two year anniversary of the UPA government, the Prime Minister faces a crosscurrent of populist pressures from the Congress old guard (personified by Arjun Singh) and calls to move faster on economic reform from liberalizers who recognize that the current wave of global enthusiasm for all things Indian will not last forever. Despite the BJP's virulent US bashing, Congress has not innovated in the area of foreign policy and has largely followed the path laid out under former Prime Minister Vajpayee. This consistency has prevented the UPA from embarrassing foreign policy missteps. The same is not true for domestic policy, where Congress has tried to devise its own agenda. Manmohan Singh has stayed away from New Delhi's kleptocratic municipal politics and the vagaries of caste quotas. But others in the party have not been so successful, and continue to succumb to the opportunistic politics that held back previous Congress governments.

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¶11. (U) Visit New Delhi's Classified Website:  
(<http://www.state.sgov.gov/p/sa/newdelhi/>)  
MULFORD